

## TOBACCO TYPE ADJUSTMENTS

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JUNE 21, 1951.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. COOLEY, from the Committee on Agriculture, submitted the following

### REPORT

[To accompany H. R. 4475]

The Committee on Agriculture, to whom was referred the bill (H. R. 4475) to amend the Agricultural Adjustment Act of 1938, as amended, having considered the same, report favorably thereon and recommend that the bill do pass.

#### STATEMENT

Under the law providing for acreage allotment and marketing quotas on tobacco, eight separate kinds of tobacco are recognized and defined. Separate marketing quotas are established for each of these eight kinds, depending upon the supply and demand situation affecting each kind separately.

Some of these eight kinds of tobacco for which quotas are established consist of a number of different types, notably, fire-cured tobacco, which includes types 21, 22, 23, and 24; and cigar-leaf tobacco which includes types 42, 43, 44, 45, and 46, 51, 52, 53, 54, and 55. Although the various types of tobacco grouped under one kind will usually be subject to the same supply and demand situation, there frequently occur instances where the supply of one particular type—because of weather conditions or other factors—will not be entirely adequate to meet the consumer demand for that particular type.

The bill reported herewith authorizes the Secretary of Agriculture to make 1-year adjustments in the quotas of the various types of tobacco where necessary because of the supply situation without changing the quota for the whole class or kind of tobacco into which that type fits. It will permit production that is more responsive to consumer demands and will assist the Department and tobacco growers in maintaining an adequate supply at all times of the specific types of tobacco which consumers want.

The bill does not bring under regulation any new types of tobacco nor extend in any way the scope of the tobacco acreage allotment and marketing program. It makes no change whatever in the price-support program and, in the estimation of the Department of Agriculture, will entail no additional administrative expense.

Representatives of the American Farm Bureau Federation and other groups of tobacco growers appeared in favor of the bill. It is the understanding of the committee that the proposal embodied in the bill has been studied by all segments of the tobacco-producing industry and that it meets with universal approval. As far as the committee knows, there is no opposition to it from any quarter.

The hearing held before the committee was on the identical bills H. R. 3625, by Mr. Abbitt; H. R. 3626, by Mr. Burton; H. R. 3627, by Mr. Harrison; and H. R. 3639, by Mr. Stanley. The committee also had before it for consideration H. R. 4475, by Mr. Abbitt, embodying the amendments suggested by the Department of Agriculture in its report on the four bills listed above. That bill (H. R. 4475) is reported herewith.

Approval of the legislation with the amendment embodied in H. R. 4475, is recommended by the Department of Agriculture and concurred in by the Bureau of the Budget. Following is the full text of the report on this legislation from the Secretary of Agriculture, which is appended hereto and made a part hereof.

DEPARTMENT OF AGRICULTURE,  
Washington 25, D. C., June 20, 1951.

HON. HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,  
House of Representatives.*

DEAR MR. COOLEY: This is in reply to your request of June 13, 1951, for a report on H. R. 3625, H. R. 3626, H. R. 3627, and H. R. 3639, identical bills, to amend the Agricultural Adjustment Act of 1938, as amended.

The Agricultural Adjustment Act of 1938, as amended, defines eight separate kinds of tobacco and requires the Secretary to proclaim a national marketing quota for any kind of tobacco whenever he finds the "total supply" of that kind of tobacco as of the beginning of the marketing year then current exceeds the "reserve supply level" therefor. The Agricultural Act of 1948 amended the Agricultural Adjustment Act of 1938 to require the proclamation of a national marketing quota for each marketing year for each kind of tobacco for which a national marketing quota was proclaimed for the immediately preceding marketing year. This provision was reenacted in the Agricultural Act of 1949.

"Kinds" of tobacco as defined in the Agricultural Adjustment Act of 1938, as amended, comprise more than one type, except for Maryland, burley, Virginia sun cured, and Pennsylvania filler tobacco. Fire-cured tobacco, for example, includes types 21, 22, 23, and 24. Cigar-leaf tobacco includes types 42, 43, 44, 45, 46, 51, 52, 53, 54, and 55. When a number of types are combined a national marketing quota is proclaimed for the types as combined and acreage adjustments are applied uniformly, regardless of the supply position of the individual types within the combination. Generally the supply for the types of tobacco comprising a kind will be in about the same relative position. However, economic conditions with their attending effects on usage of the different types comprising a kind may result in an unbalanced supply position of one type as compared to the group as a whole.

H. R. 3625, 3626, 3627, and 3639 provide for an increase in marketing quotas and acreage allotments for any type or types comprising a kind of tobacco if needed to meet market demands and carry-over requirements for such type or types of tobacco and there is a substantial difference in the usage or market outlets for such type or types. This language would permit allotments for any type or types of tobacco which could be expected to provide a supply equal to demand.

While the amendment does not specify any particular kind of tobacco, it is thought that it would be applicable only to fire-cured and cigar tobacco. It is only with respect to the types comprising these kinds that a showing with respect to a difference in usage or market outlets could be made.

In order to clarify application of this amendment to individual farm marketing quotas, it is recommended that the following language be substituted for that contained in H. R. 3625, 3626, 3627, or 3639:

"(i) Notwithstanding any other provision of this Act, whenever after investigation the Secretary determines with respect to any kind of tobacco that a substantial difference exists in the usage or market outlets for any one or more of the types comprising such kind of tobacco and that the quantity of tobacco of such type or types to be produced under the marketing quotas and acreage allotments established pursuant to this section would not be sufficient to provide an adequate supply for estimated market demands and carry-over requirements for such type or types of tobacco, the Secretary shall increase the marketing quotas and acreage allotments for farms producing such type or types of tobacco in the preceding year to the extent necessary to make available a supply of such type or types of tobacco adequate to meet such demands and carry-over requirements. The increases in farm marketing quotas and acreage allotments shall be made on the basis of the production of such type or types of tobacco during the period of years considered in establishing farm marketing quotas and acreage allotments for such kind of tobacco. The additional production authorized by this subsection shall be in addition to the national marketing quota established for such kind of tobacco pursuant to Section 312 of this Act."

The enactment of H. R. 3625, 3626, 3627, or 3639 would entail no additional administrative expense. Likewise the enactment of this legislation should require little or no additional CCC funds in supporting the prices of tobacco in any given year. Over a period of years it is believed that less CCC funds would be required since any additional production would be for those types for which demand exists.

With the above-recommended change in language this Department recommends that H. R. 3625, 3626, 3627, or 3639 be enacted.

The Bureau of Budget advises that, from the standpoint of the program of the President, there is no objection to the submission of this report.

Sincerely,

CHARLES F. BRANNAN, *Secretary*.

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